No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

New Issue

NIAGARA

$6,000,000

Niagara Finance Company Limited

A SUBSIDIARY OF INDUSTRIAL ACCEPTANCE CORPORATION LIMITED

7¼% Debentures Series A
(Unsecured)
Maturing June 30, 1972

EXCHANGEABLE FOR

7¼% Sinking Fund Debentures Series A
(Unsecured)
Maturing June 30, 1987

The 7¼% Debentures Series A maturing 1972 will be exchangeable at the holder's option after December 31, 1971 and before the close of business on January 31, 1972 for 7¼% Sinking Fund Debentures Series A maturing 1987.

The 1972 Debentures will not be redeemable prior to maturity. The 1987 Debentures will be redeemable on the basis set out on page 10 of this prospectus, provided however that the Company may not redeem 1987 Debentures prior to June 30, 1982 as part of or in anticipation of any refunding operation involving the issue of Funded Obligations having an effective interest cost to the Company of less than 7¼% per annum.

	Price to Public (1)	Underwriting Discount	Proceeds to Company (1)(2)
Per Unit of $1000	99.50% 7.34 $995.00	2.35% $23.50	97.15% $971.50
Total	$5,970,000 7.30	$141,000	$5,829,000

(1) Plus accrued interest, if any, to the date of delivery.
(2) Before deducting expenses payable by the Company estimated not to exceed $25,000.

Trustee: Guaranty Trust Company of Canada

We, as principals, offer these Debentures, subject to prior sale and change in price, if, as and when issued by the Company. It is expected that definitive Debentures will be available for delivery on or about June 30, 1967.

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THE COMPANY

Niagara Finance Company Limited (the "Company" or "Niagara") was incorporated under the laws of the Province of Ontario by letters patent dated February 13, 1930, and became a subsidiary of Industrial Acceptance Corporation Limited ("I.A.C.") in 1946. The letters patent were amended by supplementary letters patent dated respectively January 27, 1947; February 11, 1953; July 29, 1958; June 10, 1963; and November 28, 1963. The supplementary letters patent of June 10, 1963 converted the Company from a private company to a public company and provided for the borrowing of money and the charging of assets; those of November 28, 1963 related to an increase in authorized capital.

The Company, whose business is the making of consumer and small business loans, is the largest Canadian-owned, and is believed to be the third largest, consumer loan company in Canada with over 240,000 customers and outstanding receivables totalling in excess of $142,000,000 on March 31, 1967. The head office of the Company is located at 1141 Bay Street, Toronto, Ontario and the executive offices are located at 1320 Graham Boulevard, Town of Mount Royal, Quebec.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the sale of these Debentures, estimated to amount to $5,829,000, less expenses of issue estimated not to exceed $25,000, will be used to redeem a like amount of unsecured notes of the Company, bearing interest at the prime bank rate, held by I.A.C. evidencing indebtedness incurred to finance the consumer and small business loan operations of the Company.

CAPITALIZATION

	Authorized	Outstanding March 31, 1967	Outstanding April 30, 1967	To be outstanding on completion of this financing(2)
Demand Secured Notes	(1)	$14,000,000	$16,500,000	$16,500,000
Short Term Secured Notes	(1)	$31,922,000	$35,345,000	$35,345,000
Secured Term Notes				
Series "1" 5¾% due April 15, 1984	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Series "2" 5¾% due May 1, 1985	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Series "3" 5¾% due May 1, 1985	$10,000,000	$10,000,000	$10,000,000	$10,000,000
Series "4" 7½% due December 1, 1986	$ 5,000,000	$ 2,500,000	$ 2,500,000	$ 2,500,000 (3)
Debentures (unsecured)				
7¼% Series A due June 30, 1972 (this issue)	$ 6,000,000	nil	nil	$ 6,000,000 (4)
Unsecured Notes Payable to I.A.C.	(1)	$24,450,000	$18,800,000	$12,996,000
Capital Stock				
5¼% non-cumulative redeemable participating class A shares of the par value of $100 each	150,000 shs.	$12,500,000 (125,000 shs.)	$12,500,000 (125,000 shs.)	$12,500,000 (125,000 shs.)
common shares without par value, issued @ $100 per share	150,000 shs.	$12,500,000 (125,000 shs.)	$12,500,000 (125,000 shs.)	$12,500,000 (125,000 shs.)

(1) No maximum amount of Secured Notes is expressed in the Trust Deed and there is no authorized maximum amount of unsecured notes which may be issued to I.A.C. All Demand Secured Notes are held by the Company's bankers and as at April 30, 1967 the Company's bank lines of credit totalled $40,000,000.

(2) The amounts of Demand and Short Term Secured Notes and unsecured notes outstanding vary with the conditions of the financial markets and the requirements of the Company; figures shown are those at April 30, 1967.

(3) Under purchase agreements with two institutional investors an additional $2,500,000 principal amount of Series "4" Notes will be issued on or about December 1, 1967.

(4) Exchangeable for 7¼% Sinking Fund Debentures Series A due June 30, 1987. Additional debentures ranking equally with this issue may be issued on certain conditions.

THE CONSUMER LOAN INDUSTRY IN CANADA

Consumer credit falls into two main categories, instalment sales credit and instalment cash loans. They are quite different in form with the principal similarity being that they are generally repaid in monthly instalments.

(i) Instalment sales credit is usually provided by retailers for the purchase of consumer goods through their own resources or through sales finance companies. Security is obtained by a lien on the merchandise or retention of title until the final instalment is paid. Generally speaking, sales finance companies do not deal directly with the consumer in originating transactions of this nature. Niagara does a small amount of this type of financing representing less than 2% of outstanding receivables.

(ii) The other broad category of consumer credit is direct loans which are ordinarily made by finance companies directly to the customer without intermediaries. Such loans represent the bulk of Niagara's outstanding receivables.

Recent years have brought about a marked growth in the dollar total of consumer loans outstanding. Consumer loan companies hold about one-fourth of the outstanding direct loans, with banks, credit unions and others holding the balance. In the period from 1955 to 1965 the number of branches of consumer loan companies more than doubled and the number of loans outstanding increased nearly threefold.

Prior to 1940, when the Small Loans Act came into force, there was no effective legislation to protect small sum borrowers in Canada. The Money Lenders Act of 1906 had limited the interest on loans of $500 or less but did not prevent the making of additional charges.

After intensive study in the late 1930's Parliament passed the Small Loans Act of 1939. This Act set the all-inclusive costs of loans at a maximum of 2% per month on a reducing balance and required all companies subject to the Act to secure a license from the Minister of Finance. The Federal Superintendent of Insurance was designated to supervise these companies. All other charges were eliminated or required to be within the 2% per month limitation.

The Act was amended in 1956, effective January 1, 1957, encompassing all loans up to and including $1,500 with the following provisions.

(a) Maximum all inclusive rates:

2% per month on any part of the unpaid principal balance not exceeding $300.

1% per month on any part of the unpaid principal balance exceeding $300 but not exceeding $1,000.

½% per month on any remainder of the unpaid principal balance exceeding $1,000 but not exceeding $1,500.

(b) In the case of loans for $500 or less made for more than 20 months and loans between $500 and $1,500 made for more than 30 months, the rate must not exceed 1% per month on unpaid principal balances. Similarly, if any part of any loan remains unpaid after the due date of the final instalment shown on the contract, the rate shall not exceed 1% per month on the unpaid balance.

(c) If more than one loan is made to one person or to a husband and wife separately the same rates apply as if one loan for the same total amount were made.

(d) Loans must be repayable in approximately equal monthly instalments.

(e) The borrower may repay the loan or any part of it on any instalment date without notice, bonus or penalty.

The effectiveness of this Act is shown by the fact that at the end of 1965 there were $627 million of loans in amounts up to $1,500 outstanding on the books of licensed consumer loan companies.

OPERATIONS

The Company is licensed under the Small Loans Act of Canada. As at March 31, 1967 some $89.7 million in outstanding receivables of the Company were subject to regulation under this Act. The balance of the Company's receivables, totalling $52.4 millions, consisted of loans above $1,500 in amount, conditional sale agreements, advances made for the acquisition of credit portfolios of retailers and other miscellaneous receivables. The average loan balance outstanding was $584 in 1966 ($602 in 1965).

In 35 years the Company has grown from a one office operation into a nation-wide and international consumer finance company with 284 branches from coast to coast in Canada and 7 in the United Kingdom. In the same period its outstanding receivables have grown from a few thousand dollars to over $142 million making it by far the largest Canadian-owned consumer loan company.

Senior executives of the Company have an average of over 21 years in the industry. Supervisors and branch managers have been thoroughly trained. The Company's policy is promotion from within.

Overall supervision and control of operations is maintained from the Company's executive offices in the Town of Mount Royal, Quebec. Field supervision is maintained in the 23 operational districts of the Company by district supervisors who are in close contact with each branch under their control. An internal audit department works in close co-operation with the Company's auditors to provide further controls over operations. Another important safeguard is found in the control achieved through the use of computers. All receivables are checked and billed centrally as acquired and they are carried in the computer system so that control of delinquency in relation to original terms, renewals or extensions, balancing and checking of rates is as complete as possible.

Branch Offices

Newfoundland	10	Quebec	91	Alberta	20
Prince Edward Island	2	Ontario	86	British Columbia	26
Nova Scotia	16	Manitoba	7	Yukon Territory	1
New Brunswick	16	Saskatchewan	9	United Kingdom	7
		Total	291		

Credit Loss Record

Competent and experienced personnel, careful scrutiny of credits and comprehensive insurance coverage have provided an outstanding credit record for the Company. Loss ratios have been well in line with industry standards and for the last 10 years net losses have averaged less than 1% of average receivables outstanding. For the twelve month period ended March 31, 1967, the net loss was 1.08% of average receivables outstanding.

Assets

The assets of the Company as shown on its balance sheet at March 31, 1967 amounted to $143,662,581 of which $141,907,991 were classified for balance sheet purposes as current without regard to maturities and consisted of cash in banks and receivables acquired in the ordinary course of business. Before provision of $2,660,943 for doubtful receivables, notes and accounts receivable representing instalment cash loans to individuals and small businesses amounted to $142,141,862. Average term for small loans (under $1,500) made during 1966 was 27.0 months (27.0 in 1965). Average term for other loans made in 1966 was 32.5 months (33.1 in 1965).

Maturities of Receivables

As at March 31, 1967, the approximate maturities of receivables (before provision for doubtful receivables and excluding repossessions and sundry accounts) were as follows:

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Receivables	$76,282,773	$52,998,977	$12,499,611	$114,041	$141,895,402

Current Position

The following table shows the Company's liabilities due within one year as at March 31, 1967 and the funds available to meet such liabilities:

Liabilities due within one year:		Funds available within one year:	
Secured demand bank loans	$14,000,000	Cash	$ 2,427,072
Secured short-term notes	$31,922,410	Receivables	$76,282,773
Notes payable to I.A.C.	$24,450,000		
Accounts payable	$ 2,498,648		
Income taxes	$ 1,523,184		
Total	$74,394,242	Total	$78,709,845

Financing of Operations

The business of the Company is financed by its capital funds, and by the issuance of secured notes of three kinds—series term secured notes, secured notes issued individually and maturing ten years or less from dates of issue and demand secured notes issued under bank credit lines, and unsecured debentures, as well as by borrowings from I.A.C. evidenced by unsecured notes. The extent to which the Company employed funds obtained from such sources as at March 31, 1967 (after giving effect to the present issue of Series A Debentures and the retirement of $5,804,000 of demand notes payable to I.A.C.) was as follows:

Secured Notes:		
demand (banks)	$14,000,000	10.7%
maturing 10 years or less	31,922,000	24.4%
series term	32,500,000	24.9%
	78,422,000	60.0%
Debentures (unsecured)	6,000,000	4.6%
Demand notes payable to I.A.C. (unsecured)	18,646,000	14.2%
Equity:		
Preferred stock	12,500,000	9.6%
Common stock	12,500,000	9.6%
Retained earnings	2,715,000	2.0%
	27,715,000	21.2%
	$130,783,000	100.0%

Net Earnings Available for Fixed Charges

($000 omitted)	December 31,				
	1962	1963	1964	1965	1966
Net earnings	2,906	2,929	3,177	3,351	3,688
Add: Federal and Provincial taxes	3,067	3,099	3,351	3,535	3,893
Adjusted net earnings	5,973	6,028	6,528	6,886	7,581
Add: Fixed charges					
Interest	4,096	4,520	4,681	5,416	6,242
*Rental for leased properties	659	713	728	822	796
Total Fixed Charges	4,755	5,233	5,409	6,238	7,038
Net earnings available for fixed charges	10,728	11,261	11,937	13,124	14,619
Times fixed charges earned	2.26	2.15	2.21	2.10	2.08

*Includes amortization of leasehold improvements.

Selected Statistics

	December 31,				
	1962	1963	1964	1965	1966
No. of accounts	191,418	201,069	213,334	231,352	243,246
Receivables ($000)	109,561	115,051	128,044	140,114	143,032
Percent increase over previous period	18.3%	5.0%	11.3%	9.4%	2.1%
Average receivables ($000)	101,604	111,716	121,373	134,936	141,439
Amounts written off ($000)	803	1,062	1,132	1,320	1,550
As percent of average receivables	0.79%	0.95%	0.93%	0.98%	1.10%
Net earnings ($000)	2,906	2,929	3,177	3,351	3,688

SHAREHOLDINGS AND MANAGEMENT

Shareholdings in the Company

The following table sets forth the ownership beneficially and of record of each class of equity shares of the Company as at April 30, 1967:

Name and Address	Designation of class	Type of ownership	Number of shares owned	Percentage of class
Industrial Acceptance Corporation Limited, 1320 Graham Boulevard, Town of Mount Royal, P.Q.	class A shares	Record and Beneficial	125,000	100%
	common shares	Record* and Beneficial	125,000	100%

*10 common shares are held by directors for qualifying purposes.

Shareholdings in I.A.C.

The following table sets forth the beneficial ownership of each class of equity shares of I.A.C. outstanding owned either directly or indirectly by all directors and senior officers of the Company as a group as at April 30, 1967:

Designation of Class	Number of shares beneficially owned	Percentage of class
4½% Cumulative Redeemable Preferred Shares of $100 each	75	0.11%
Common Shares, no par value	49,674	0.83%

Directors and Officers of the Company

The names, home addresses, positions held with the Company and principal occupations within the previous five years of the directors and officers of the Company are set forth below.

Roland Chagnon, C.A., 1414 Redpath Crescent, Montreal, P.Q.	Director	President, Lallemand Inc.
Joseph Charles Clapinson, 400 Walmer Road, Toronto, Ontario.	Director	Retired (President, Champlain Oil Products Ltd., 1962-1966)
Frederick Goldwin Gardiner, Q.C., LL.D., 130 Forest Hill Road, Forest Hill Village, Toronto, Ontario.	Director	Barrister, Gardiner, Roberts, Anderson, Conlin, Fitzpatrick, O'Donohue & White
Joseph Stephen Land, 316 Leacross Avenue, Town of Mount Royal, P.Q.	Director and President	Vice-President—Finance & Treasurer, I.A.C. (Vice-President—Corporate Development, I.A.C., 1964-1966, Vice-President, Niagara Finance Company Limited, 1962-1964)
Byron Fraser London, 65 Brittany Road, Town of Mount Royal, P.Q.	Director and Vice-President	(Assistant Vice-President, Niagara Finance Company Limited, 1962-1964)

Keith Herbert MacDonald 443 Kindersley Road, Town of Mount Royal, P.Q.	Director	Executive Vice-President, I.A.C. (Vice-President, I.A.C., 1962-1967)
Lyndon Elvert Nichol 10 Sunset Avenue, Senneville, P.Q.	Director	President, I.A.C. (Executive Vice-President, I.A.C. 1963-1967, Vice-President, I.A.C., 1962-1963)
John Barker Pennefather 40 Roselawn Crescent, Town of Mount Royal, P.Q.	Director	Vice-Chairman of the Board, I.A.C. (President, I.A.C., 1963-1967, Executive Vice-President, I.A.C. 1962-1963)
Joseph Henry Ranahan 6 rue des Tilleuls, Laval-sur-le-Lac, P.Q.	Director	Chairman of the Board, I.A.C. (Vice-chairman of the Board, I.A.C., 1963-1965, President, I.A.C., 1962-1963)
Grant Edward Wemp R.R. 1, Bath, Ontario.	Director	Honorary Chairman of the Board, I.A.C. (Chairman of the Board, I.A.C., 1962-1965)
Raymond Girardin 635 Fontainebleau, Duvernay, Laval, P.Q.	Assistant Vice-President	(Assistant General Manager, Niagara Finance Company Limited, 1965-67; Director of Supervision, 1963-65; General Supervisor, 1962-63)
Robert Harvey Blake 14824 Elmwood Street, Pierrefonds, P.Q.	Treasurer	(Assistant Treasurer, Niagara Finance Company Limited, 1962-1963)
Paul John Brown 424 Rivière Nord, Parish of St. Eustache, P.Q.	Secretary	Assistant Vice-President, General Counsel and Secretary, I.A.C. (General Solicitor, I.A.C., 1962-1964)
George Gouinlock Lynch 61 Cedar Avenue, Hudson, P.Q.	Assistant Secretary	Assistant Secretary, I.A.C. (Regional Manager Operations, I.A.C., 1962-1965)
Louise Mary Power 1340 Regent Road, Town of Mount Royal, P.Q.	Assistant Secretary	Assistant Secretary, Niagara Finance Company Limited

Remuneration

The by-laws of the Company provide that the directors shall be paid such remuneration as the board may from time to time determine. During the last completed financial year of the Company, the aggregate direct remuneration paid to Directors, as such, was $8,300 and to the five highest officers, as such, was $80,926. During the four months ended April 30, 1967, the aggregate of such remunerations was $1,300 and $28,600 respectively.

Management Interest

Messrs. Ranahan, Pennefather and Nichol are officers and directors of I.A.C., Mr. Wemp is a director of I.A.C. and Messrs. MacDonald, Land, Brown and Lynch are officers of I.A.C. and, as such, have an interest in the application of the proceeds of the present issue. Peter Kilburn, a director of I.A.C., is also president and a director of Greenshields Incorporated, 4 Place Ville Marie, Montreal, and, as such, has an interest in the contracts with Greenshields Incorporated referred to under the heading "Material Contracts".

DETAILS OF THE OFFERING

The \$6,000,000 aggregate principal amount 7¼% Debentures Series A maturing June 30, 1972 (the "1972 Debentures") will be exchangeable in the manner set forth below for 7¼% Sinking Fund Debentures Series A maturing June 30, 1987 (the "1987 Debentures"). Series A Debentures of both maturities will be issued under a Trust Indenture (the "Trust Indenture") to bear formal date of June 30, 1967, between the Company and Guaranty Trust Company of Canada, as trustee, and will not be secured by any mortgage or other charge. The 1972 Debentures will bear interest from June 30, 1967 and the 1987 Debentures will bear interest from December 30, 1971.

Denominations and Interest

The 1972 Debentures will be available in coupon bearer form only in denominations of \$1,000, \$5,000, \$25,000 and \$100,000 registrable as to principal only. The 1987 Debentures, when issued, will be available in coupon bearer form in the same denominations and in fully registered form in denominations of \$1,000 and multiples thereof.

Principal and half-yearly interest (June 30 and December 30) and redemption premium, if any, will be payable in lawful money of Canada at any branch in Canada of the Company's bankers.

Exchange Feature

The 1972 Debentures will be exchangeable at the holder's option and without cost after December 31, 1971 and before the close of business on January 31, 1972 for a like principal amount of 1987 Debentures similar in all respects to the 1972 Debentures (save as to maturity date) except that the 1987 Debentures will be redeemable, will be entitled to a sinking fund as described below and will be available in both coupon bearer and fully registered form. Exchanges will be effected in such a manner that the holder will neither gain nor lose interest.

Underwriting

Under an agreement dated June 14, 1967 between the Company and Greenshields Incorporated, as underwriter, the Company agreed to sell and the underwriter agreed to purchase the \$6,000,000 aggregate principal amount of Debentures offered by this prospectus at a price of 97.15% of their principal amount, payable in cash against delivery at a closing to be held on or about June 30, 1967. The said Debentures will be offered to the public by a group of investment dealers of which Greenshields Incorporated will be manager.

Eligibility for Investment

In the opinion of counsel the 1972 Debentures will be investments in which the Canadian and British Insurance Companies Act states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of section 63 of the said Act, invest their funds.

Sinking Fund for the 1987 Debentures

The Company will covenant to pay to the Trustee as a sinking fund for the 1987 Debentures a sum sufficient to retire on June 30 in each of the years 1973 to 1986, 3% of the original principal amount of 1987 Debentures issued or may surrender 1987 Debentures in satisfaction of such obligations. The sinking fund is calculated to retire 42% of the 1987 Debentures prior to their maturity date. 1987 Debentures will be redeemable for sinking fund purposes at their principal amount plus accrued interest to the date specified for redemption.

Non-call Features

The 1972 Debentures will not be redeemable prior to maturity.

The Company will covenant not to redeem the 1987 Debentures prior to June 30, 1982 as part of or in anticipation of any refunding operations involving the issue of Funded Obligations having an effective interest cost to the Company of less than 7¼% per annum.

Redemption of 1987 Debentures

Subject to the foregoing, the 1987 Debentures will be redeemable for other than sinking fund purposes prior to maturity in whole at any time or in part from time to time, at the option of the Company, on not less than thirty days' notice at the following percentages of their principal amount before June 30 in each of the following years:

1973	104.85%	1978	102.95%	1983	101.05%
1974	104.47%	1979	102.57%	1984	100.67%
1975	104.09%	1980	102.19%	1985	100.29%
1976	103.71%	1981	101.81%	1986	100.00%
1977	103.33%	1982	101.43%	1987	100.00%

plus, in each case, interest accrued and unpaid to the date fixed for redemption.

Other Indebtedness

The Trust Indenture will provide for the issuance from time to time of additional Debentures without limitation as to aggregate principal amount subject to the restrictions set out on pages 10 and 11 under the heading "Certain Covenants" (all Debentures which may be issued under the Trust Indenture being herein called collectively "Debentures"). Other than indebtedness incurred in the ordinary course of business and the Debentures hereby offered, there is no substantial indebtedness to be created or assumed by the Company not reflected in the financial statements of the Company as at March 31, 1967. In the normal course of its operations the Company may issue additional secured and unsecured notes the amount of which will depend on the volume of its business and other requirements and is not capable of present determination. The Company does not presently propose further long term borrowing during the current fiscal year.

Asset Coverage

As at March 31, 1967, and after giving effect to the issuance of the Debentures hereby offered, net tangible assets of the Company available for the Debentures (after provision for depreciation and all other indebtedness) amounted to $32,604,000 or approximately $5,434 for each $1,000 principal amount of Debentures to be outstanding on the completion of this financing.

Interest Coverage

The average annual earnings available to the Company for Debenture interest (after provision for depreciation and interest on all other indebtedness and before taxes on income) for the five year period ended December 31, 1966 (as shown on the statement of earnings appearing on page 16) amounted to $6,599,052 or 15.2 times the $435,000 maximum annual interest requirement on the Debentures to be outstanding on completion of this financing. For the year ended December 31, 1966 such earnings were $7,580,925 or 17.4 times such requirements. For the three months ended March 31, 1967 such earnings were $2,052,304.

Certain Covenants

The Company will covenant in the Trust Indenture that so long as any of the Series A Debentures remain outstanding:

(i) it will not create or issue any indebtedness for borrowed money ranking ahead of the Debentures other than Secured Notes and Purchase Money Obligations;

(ii) it will not create or issue any additional Debentures or other Funded Obligations ranking equally with the Debentures unless at the time of issue thereof, the Available Net Earnings of the Company in any 12 consecutive months out of the 18 months next preceding the date of such creation or issue are at least 3½ times the amount required to meet the annual interest on all Debentures and other Funded Obligations of the Company ranking equally therewith to be outstanding after such creation or issue; a certificate of the Company's auditors establishing compliance with this covenant shall be conclusive and binding upon the holders of the Debentures;

(iii) the aggregate principal amount of Secured Notes shall not exceed 4 times the total of the Capital Funds of the Company plus the aggregate principal amount of the Debentures and all other indebtedness for borrowed money of the Company ranking after the Secured Notes;

(iv) the consolidated indebtedness for borrowed money of the Company and its subsidiaries shall not exceed 9 times the Capital Funds of the Company and its subsidiaries on a consolidated basis;

(v) it will not create or suffer to exist any mortgage, hypothec, pledge or charge on any of its property or assets or secure any indebtedness of the Company without also at such time securing the Debentures by the same instrument so that the same shall be secured equally and rateably with such indebtedness, provided that this covenant shall not apply to (a) the giving or assuming of Purchase Money Obligations; and (b) the giving of security under the Secured Note Indenture;

(vi) it will not declare or pay any dividends on any shares of its capital stock (other than dividends payable in common shares) and will not make or effect any reduction or redemption of any of its share capital except for sinking fund purposes if, after giving effect thereto on the books of the Company, the aggregate amount of dividends declared or paid and all such reductions and redemptions of its share capital subsequent to December 31, 1966 shall exceed the aggregate amount of Net Earnings subsequent to December 31, 1966 plus the aggregate proceeds to the Company of any issues of shares of its capital stock subsequent to December 31, 1966 plus $1,000,000.

Definitions

"Available Net Earnings" means "Net Earnings" plus interest charges on all Debentures and other Funded Obligations ranking equally therewith or subordinate thereto and taxes on income.

"Capital Funds" means the aggregate of paid-up capital, capital surplus and accumulated retained earnings.

"Funded Obligations" means the Debentures and any other indebtedness which is not payable on demand and the due date of payment of the principal amount of which, including any right of extension or renewal, is 18 months or more after the date such indebtedness is incurred, but excluding Purchase Money Obligations.

"Net Earnings" means the gross income of the Company from all sources less administration and operating costs, expenses and charges of every kind and all taxes.

"Purchase Money Obligations" means any security given or assumed by the Company upon any property or assets (other than cash) acquired by the Company to secure the whole or any part of the purchase money to be paid for such property or assets.

"Secured Notes" means any notes issued under the Secured Note Indenture.

"Secured Note Indenture" means the Trust Indenture from the Company in favour of The Royal Trust Company, as Trustee, dated as of March 2, 1964 and every instrument supplemental or ancillary thereto or in implement thereof.

Default, Waiver, Remedies

The Trust Indenture will provide that upon the happening of an event of default the Trustee may, and shall upon receipt of a request of the holders of 25% in principal amount of the Debentures, declare the Debentures immediately due and payable.

Events of default include: default in payment of principal of or premium on Debentures; default for 30 days in payment of interest on Debentures; default in observance of any of the covenants set forth on pages 10 and 11 of this prospectus; bankruptcy or receivership of the Company; and default for 90 days after notice from the Trustee in performance or observance of any other covenant of the Trust Indenture (including the covenants relating to the sinking fund), which notice may be given by the Trustee on its own initiative and shall be given upon receipt of a request of the holders of 25% in principal amount of the Debentures.

Default (except default in payment of principal at maturity) may be waived by the affirmative vote of the holders of not less than a majority in principal amount of the Debentures.

Upon the happening of an event of default, the Trustee, upon failure of the Company to pay on demand the principal of and interest and premium on the Debentures, may (and shall upon receipt of a request of the holders of 25% in principal amount of the Debentures and upon being indemnified to its satisfaction as provided in the Trust Indenture) enforce payment by legal proceedings or otherwise.

Ranking of Indebtedness

In the opinion of counsel the 1972 Debentures and the 1987 Debentures to be issued in exchange therefor will be direct obligations of the Company and will rank equally with one another and with all other Debentures which may from time to time be issued under the Trust Indenture but will not be secured by any charge on the assets of the Company. Upon dissolution of the Company or upon distribution of its assets the Debentures will rank as to payment of principal, interest and premium, if any, after the Secured Notes (including the series term secured notes, the secured notes maturing ten years or less from dates of issue and the demand secured notes issued against lines of credit with the Company's bankers). All the Secured Notes are issued under the Secured Note Indenture and are secured by a first floating charge upon all Collateral owned by the Company. The Debentures will rank equally with any unsecured notes of the Company held by I.A.C.

"Collateral" is defined in the Secured Note Indenture to mean moveable property situated in Canada comprising accounts and bills receivable, contracts, agreements or other commercial or mercantile documents or instruments of the Company arising out of and relating to the financing and commercial transactions entered into by the Company or any subsidiary company in the ordinary and usual course of its business and operations.

Certain Covenants Relating to Secured Notes

The Company has covenanted to the holders of series term secured notes issued under the Secured Note Indenture that in the event I.A.C. ceases to own more than 50% of the outstanding shares of the Company carrying voting rights at all times and conferring the right to elect at least a majority of directors of the Company, it will upon the request of such holders redeem the series term secured notes held by them.

The Company has given further covenants in the Secured Note Indenture similar to those set forth in subparagraphs (iii) and (iv) under the head "Certain Covenants" on page 10 of this prospectus and has covenanted that the amount of Collateral subject to the charge of the Secured Note Indenture shall at all times have a value of at least 107½% of the unpaid principal of the Secured Notes outstanding.

MATERIAL CONTRACTS

The Company has entered into the following contracts in addition to contracts in the ordinary course of business:

1. The underwriting agreement with Greenshields Incorporated referred to on page 9 of this prospectus.
2. Agreements with Greenshields Incorporated in respect of the placing of the undernoted series of secured term notes:

	Amount	Date of Agreement	Issue Price	Commission
Series "1"	$10,000,000	April 14, 1964	98.25%	1%
Series "2"	$10,000,000	November 5, 1964	99.40%	1%
Series "3"	$10,000,000	April 27, 1965	98.83%	1%
Series "4"	$ 5,000,000*	November 30, 1966	100.00%	1%

*$2,500,000 are subject to delayed delivery on or about December 1, 1967.

3. The Company has offered on a continuing basis its Secured Notes maturing 10 years or less from dates of issue through a selling group, of which Greenshields Incorporated is the manager, acting as agents of the Company and consisting of members of the Investment Dealers' Association of Canada. The commissions paid to such agents have not exceeded 5 cents per month from date of authentication to maturity of each Note for each $100 principal amount and, in respect of Notes maturing one year and a day or more from date of authentication, $1.00 per $100 principal amount. An agreement appointing Greenshields Incorporated as manager of the selling group was executed on April 25, 1967.

Copies of the agreements referred to above and, when executed, the Trust Indenture relating to the Debentures of the Company, may be inspected at the executive offices of the Company during ordinary business hours during the period of primary distribution of the Debentures hereby offered and for a period of 30 days thereafter.

DIVIDEND RECORD

The Company has paid dividends on its class A shares and common shares during the 5 years and 3 months preceding the date of this prospectus as follows:

Year	Class A Shares		Common Shares	
	Per Share	Total	Per Share	Total
1962	$14.00	$1,400,000	$14.00	$1,400,000
1963	13.04	1,500,000	13.04	1,500,000
1964	13.25	1,610,000	13.25	1,610,000
1965	12.00	1,500,000	12.00	1,500,000
1966	11.20	1,400,000	11.20	1,400,000
1967 to March 31	2.80	350,000	2.80	350,000

TRUSTEE

The Trustee for the Series A Debentures will be Guaranty Trust Company of Canada and the registers on which transfers may be recorded will be maintained by the Trustee at its offices at 427 St. James Street West, Montreal and 366 Bay Street, Toronto. No transfer agent or registrar has been appointed for the shares of the Company.

LEGAL OPINIONS

This issue is subject to the approval of all legal matters on behalf of the Company by Messrs. O'Brien, Home, Hall, Nolan, Saunders, O'Brien & Smyth and on behalf of the underwriters by Messrs. Doheny, Day, Mackenzie & Lawrence.

AUDITORS

The Company's auditors are McDonald, Currie & Co., Chartered Accountants, 630 Dorchester Boulevard West, Montreal.

STATUTORY RIGHT OF RESCISSION

With respect to any of the securities offered by this prospectus in the Province of Ontario, The Securities Act 1966 (Ontario) confers on a purchaser in certain circumstances:

(a) the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus is received or deemed to have been received by the purchaser or his agent;

(b) the right to rescind the contract to purchase such security by commencing an action within ninety days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to Sections 63 and 64 of The Securities Act, 1966 (Ontario) for the complete text of the provisions under which the foregoing rights are conferred.

Niagara Finance

Incorporated under

BALANCE SHEET AS

ASSETS

CURRENT ASSETS	
Cash	$ 2,427,072
Receivables—	
Small loans—including accrued interest of $665,364	89,735,356
Other loans—including accrued interest or charges to maturity of $8,871,328	52,160,046
Repossessions	7,350
Sundry accounts	239,110
	142,141,862
Allowance for doubtful receivables	2,660,943
	139,480,919
	141,907,991
OTHER ASSETS AND DEFERRED CHARGES	
Leasehold improvements and prepaid expenses	279,615
Unamortized debt discount and expense	914,721
Office equipment and automobiles—at cost less accumulated depreciation of $819,753	560,254
	1,754,590

APPROVED ON BEHALF OF THE BOARD

L. E. NICHOL, Director

B. F. LONDON, Director

	$143,662,581

AUDITORS

TO THE DIRECTORS OF NIAGARA FINANCE COMPANY LIMITED:

We have examined the balance sheet of Niagara Finance Company Limited as at March 31, 1967 and the statements of earnings and retained earnings for the five years and three months ended on that date and the three months ended March 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

MONTREAL, June 1, 1967.

ompany Limited

e laws of Ontario

' MARCH 31, 1967

LIABILITIES

CURRENT LIABILITIES	
Secured demand bank loans	$ 14,000,000
Secured short-term notes	31,922,410
Unsecured demand notes payable—parent company	24,450,000
Accounts payable and accrued liabilities	2,498,648
Income taxes	1,523,184
	74,394,242
UNEARNED INCOME	8,850,094
SECURED NOTES (Note 1)	
Series "1" 5¾% due April 15, 1984	10,000,000
Series "2" 5¾% due May 1, 1985	10,000,000
Series "3" 5¾% due May 1, 1985	10,000,000
Series "4" 7½% due December 1, 1986	2,500,000
	32,500,000
DEFERRED INCOME TAX CREDIT	203,318
	115,947,654

SHAREHOLDERS' EQUITY

CAPITAL STOCK	
Authorized—	
150,000 5¼% non-cumulative redeemable participating class A shares of $100 each	
150,000 common shares without nominal or par value	
Issued and fully paid—	
125,000 class A shares	12,500,000
125,000 common shares	12,500,000
	25,000,000
RETAINED EARNINGS	2,714,927
	27,714,927
	$143,662,581

PORT

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings, when read in conjunction with the notes thereto, present fairly the financial position of the company as at March 31, 1967 and the results of its operations for the five years and three months ended on that date and the three months ended March 31, 1966, in accordance with generally accepted accounting principles applied on a consistent basis.

McDonald, Currie & Co.
CHARTERED ACCOUNTANTS

Niagara Finance Company Limited

STATEMENT OF EARNINGS

for the five years and three months ended March 31, 1967

(With comparative figures for the three months ended March 31, 1966)

Year ended December 31	Average aggregate quarterly receivables outstanding	Earnings before interest, depreciation and taxes on income	Depreciation of office equipment and automobiles	Interest on current and term borrowings	Earnings before taxes on income	Taxes on income (Note 2)	Net earnings
1962........	$101,604,286	$10,244,314	$175,214	$4,096,407	$5,972,693	$3,067,000	$2,905,693
1963........	111,715,810	10,710,214	162,021	4,519,872	6,028,321	3,099,000	2,929,321
1964........	121,372,668	11,374,493	165,983	4,680,886	6,527,624	3,351,000	3,176,624
1965........	134,936,384	12,506,811	205,468	5,415,645	6,885,698	3,535,000	3,350,698
1966........	141,438,888	14,022,194	199,580	6,241,689	7,580,925	3,893,000	3,687,925
3 months ended March 31							
1966........	138,867,916	3,465,954	42,515	1,491,440	1,931,999	992,000	939,999
1967........	142,586,729	3,666,642	37,847	1,576,491	2,052,304	1,051,000	1,001,304

STATEMENT OF RETAINED EARNINGS

For the five years and three months ended March 31, 1967

(With comparative figures for the three months ended March 31, 1966)

	Year ended December 31					Three months ended March 31	
	1962	**1963**	**1964**	**1965**	**1966**	**1966**	**1967**
Balance—beginning of period..........	$1,183,362	$1,289,055	$1,218,376	$1,175,000	$1,525,698	$1,525,698	$2,413,623
Net earnings for the period..........	2,905,693	2,929,321	3,176,624	3,350,698	3,687,925	939,999	1,001,304
	4,089,055	4,218,376	4,395,000	4,525,698	5,213,623	2,465,697	3,414,927
Dividends—							
Class A shares.....	1,400,000	1,500,000	1,610,000	1,500,000	1,400,000	350,000	350,000
Common shares....	1,400,000	1,500,000	1,610,000	1,500,000	1,400,000	350,000	350,000
	2,800,000	3,000,000	3,220,000	3,000,000	2,800,000	700,000	700,000
Balance—end of period..........	$1,289,055	$1,218,376	$1,175,000	$1,525,698	$2,413,623	$1,765,697	$2,714,927

NOTES TO FINANCIAL STATEMENTS

(1) The proceeds of an additional $2,500,000 7½% secured notes, series "4" are to be received on or about December 1, 1967.

(2) Taxes on income reflected in the attached statement of earnings have been adjusted where necessary to actual amounts paid or payable on the basis of assessment notices received from the respective taxation authorities. For years for which no notices of assessment have been received, no material adjustments to such taxes are expected to occur on assessment. Deferred tax accounting was introduced in 1964 and accordingly the provision for taxes includes deferred taxes totalling $203,318 made up as follows: year ended December 31, 1964—$141,432; December 31, 1965—$43,395; December 31, 1966—$7,801; March 31, 1967—$10,690.

(3) The Company proposes to create and issue to underwriters $6,000,000 principal amount of unsecured Series A Debentures.

There are no material facts relating to the Company not disclosed in this prospectus.

Town of Mount Royal, P.Q., June 14, 1967.

CERTIFICATE OF COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1962 (British Columbia), Part IX of the Securities Act, 1955 (Alberta), by Section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Quebec Securities Act and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible.

On behalf of the Board of Directors

J. S. Land President	L. E. Nichol Director
R. H. Blake Treasurer	B. F. London Director

Directors

Roland Chagnon	B. F. London	J. B. Pennefather
J. C. Clapinson	K. H. MacDonald	J. H. Ranahan
F. G. Gardiner	L. E. Nichol	G. E. Wemp

By his signature affixed below J. S. Land has, both personally and pursuant to powers of attorney duly executed, signed this prospectus on behalf of all the Directors of the Company listed above.

J. S. Land

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by Section 43 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Quebec Securities Act and by Section 13 of the Securities Act (New Brunswick) and there is no further material information applicable other than in the financial statements or other reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Greenshields Incorporated

Per: J. E. Brookes

The following list includes the names of all persons having an interest either directly or indirectly to the extent of not less than 5% of the capital of Greenshields Incorporated: Peter Kilburn, Viscount Hardinge, Dudley Dawson and J. E. Brookes.

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